

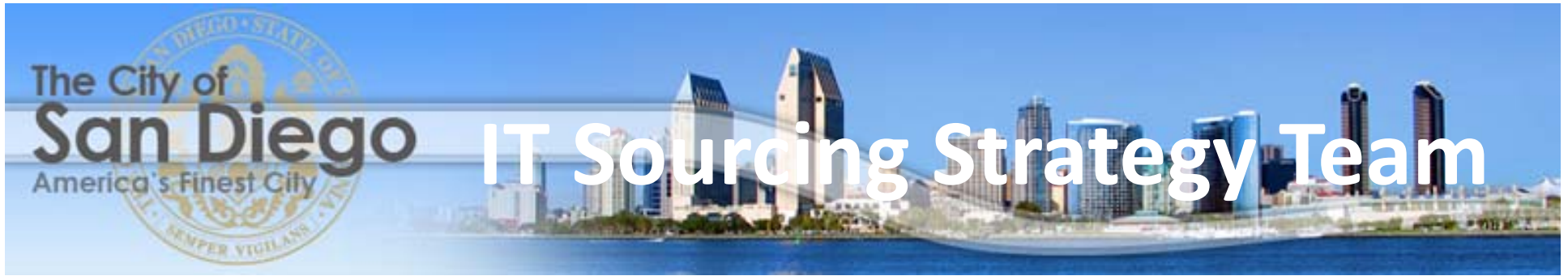


# **Updated Information Technology Sourcing Strategy**

**San Diego City Council**

**Meeting of March 14, 2011**

**Item #152**

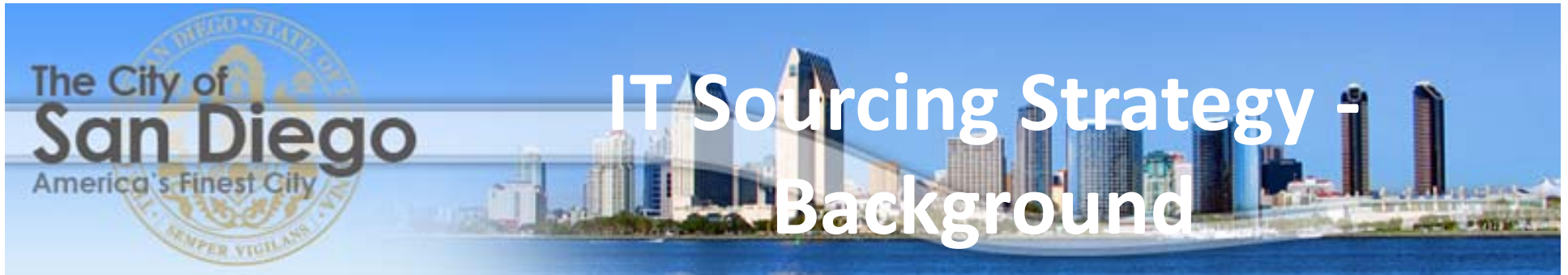


## ❖ Introductions

- Wally Hill, Assistant Chief Operating Officer
- Alan Watkins, IT Operations & Security Manager
- Kevin Parikh, CEO, Avasant LLC
- George Clark, Principal, Avasant LLC



- ❖ **Background – City Council Requests/Actions**
- ❖ **Updated IT Sourcing Strategy Report**
  - Relationship to Citywide FY2011 IT Budget
  - In-Scope Services
  - Onshore vs. Offshore Service Options
- ❖ **Conclusions & Recommendations**
- ❖ **Transaction & Transition Timeline (estimated)**
- ❖ **Today's Council Action**
  - Accept the Updated IT Sourcing Strategy Report



## ❖ City Council Requests/Actions

- Dec. 6, 2010, Council Resolution (R-316418)
  - Update IT Sourcing Strategy Report, to include
    - Fixed-price, performance-based service contracting model
    - Address incumbent worker retention
    - Local, small business utilization, where economical
    - Additional IT services where cost savings can be achieved in a timely manner
    - Review of net transition costs by Auditor and IBA
- January 2011, Councilmember Lightner Questions
  - Responded for Rules Committee Meeting (Jan. 12)

# IT Sourcing Strategy - Background (con't.)

## ❖ Incorporated Council Resolution Items

- Original RFP format uses fixed-price, performance-based contract model (p.77)
- RFP will require Selected Service Provider to offer positions to identified, existing Critical Personnel (p.44)
- RFP Instructions and Response Template include City's Small Local Business Enterprise & Emerging Local Business Enterprise Programs (p.80)
- RFP will require responses & prices for optional IT services (p.77)



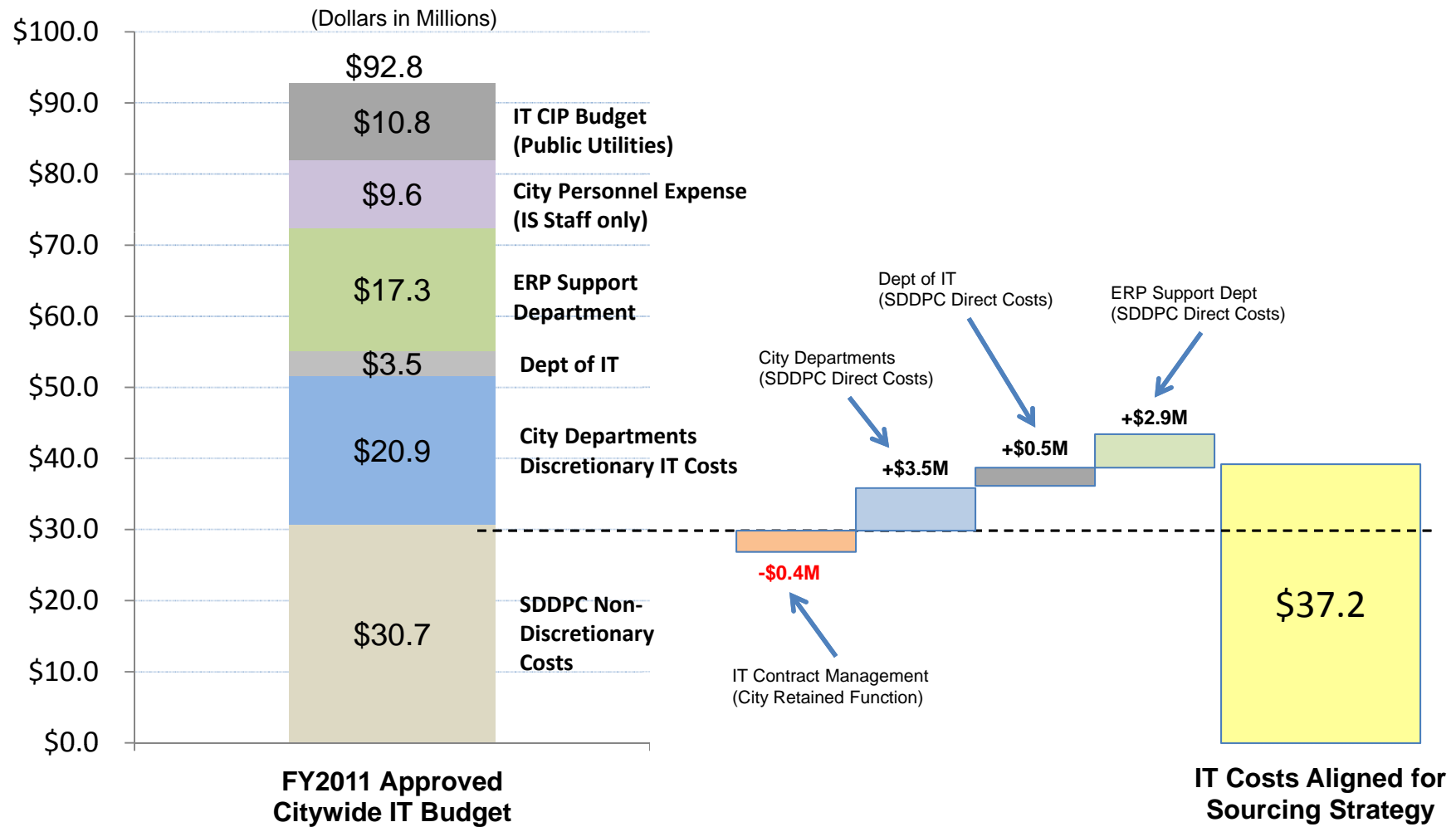
## ❖ **Additional Council Items/Questions**

### – Clarification of Several Areas

- Stakeholder interview topics & questions (pp.9-20)
- Early Termination Conditions (p.53)
- Additional data on risk analyses (pp.57-71)
- Pre-Qualification of New Providers (p.80)



# IT Sourcing Relationship to Citywide FY2011 IT Budget



# Updated IT Sourcing Strategy Report (con't.)

## ❖ In-Scope Services

- Data Center Services
  - Includes departmental data centers & server rooms
- Voice & Data Networks
  - Future transformation to converged single network, eliminating obsolete equipment
- Application Development & Maintenance
  - Programming support
- Additional Services
  - ERP Technical Support (external contracts) – City's Option
  - Help Desk & Desktop Support Services – City's Option
    - Beginning in July 2013





# Updated IT Sourcing Strategy Report (con't.)

## ❖ Onshore vs. Offshore Service Options

- RFP will allow firms to submit their best proposal
  - May include some offshore components
  - Contractually limited offshore services to after-hours, remote support of data center and network equipment
  - Restrict/prohibit offshore access to City data
- Firms proposing any offshore services must also submit a proposal with all services onshore (in USA)
- Allows the City flexibility to achieve potentially significant cost savings

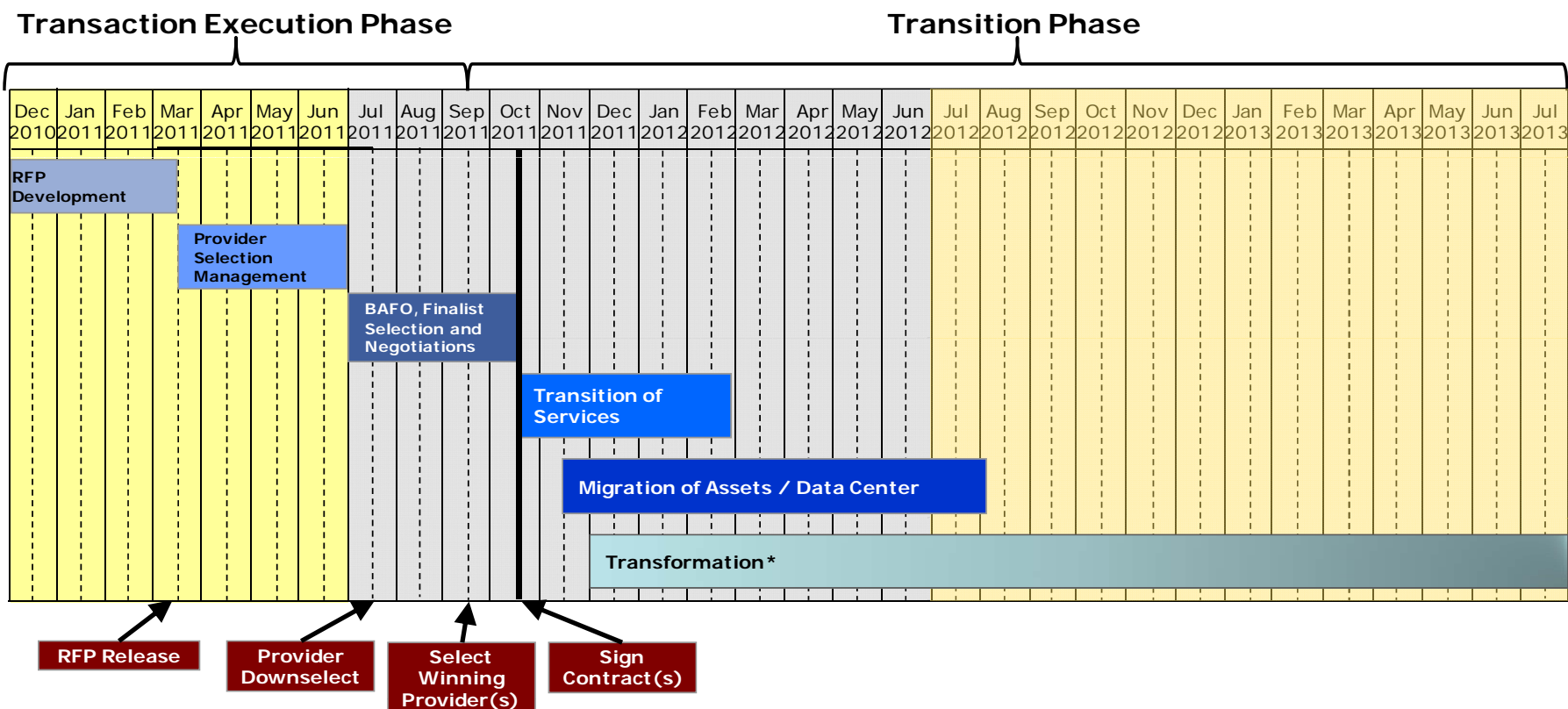


- ❖ **Under the existing relationship between the SDDPC and the City of San Diego, the City retains many of the risks associated with an In-sourced IT environment without achieving the benefits of cost reduction and industry standard practices associated with strategic sourcing (managed services)**
  - If the City continues to receive services from the SDDPC, the services should be delivered under a Managed Services model
- ❖ **Based on the City's requirements, in scope services, the financial model, and the risk profile, the City of San Diego should move forward with a fixed-priced performance-based managed services RFP (competitively bid)**
  - A single RFP should be structured in a modular fashion to allow for a Single Provider or Multiple Providers by Service Tower (e.g., Data Center, Network, and Applications Development & Maintenance)
  - Service Providers will be required to propose an option where all services will be provided by onshore resources (in USA)



# Transition & Transformation Timeline (estimated)

The chart below shows the timing of transaction activities once provider contract(s) have been executed:



\* Timing of Transformation is dependent on the criticality of getting off legacy equipment. Transformation planning can occur during Transition, with actual Transformation activities occurring immediately after Transition.



# *Questions?*